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CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

COUNTRY Nepal

SUBJECT Weakening of the Government (Nepal)

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1. The instability of the internal political situation in Nepal is shown in several ways. The Prime Minister, M. P. Koirala, after the departure of King Tribhuvana, allowed the story to spread that the King had left the country, with the intention of abdicating. Anti-monarchist agitation was made all the easier by the fact that three important supporters of the throne had left the country along with His Majesty. (There were fourteen other people in the royal suite.) The three supporters were Basundra Veer Vikram Shah, the King's third son; General Shamshere Jung Bahadur, formerly chief adviser of the government of Nepal; General Yog Bikram Rana Shumshere, the King's military secretary.
2. Koirala hoped to obtain some degree of restraint in party politics in two ways: He set up a cabinet consisting of representatives of various parties. Four ministers were from his own Nepal Congress Party. Four were from the National Democratic Party. One was an Independent. Koirala was then put under pressure, by his own Nepal Congress Party, to take the heterogeneous party, the League of Nepal Democrats, into his government.
3. Under their leader, Sri Pushpa Lai, the Communists put on a troublesome agitation, directed against Prime Minister Koirala himself. Although the Communist Party is illegal in Nepal and the party leaders have to live under cover, they showed up in various posts and at the spice exchanges. The people were already uneasy over taxation policies, and the Communists played on this fact adroitly enough to create much unrest outside of Katmandu.
4. The net result is that both the throne and the position of the Prime Minister are endangered. This gives the Communists a fine chance. However, before concrete plans for revolt can be carried through, the now illegal Communists must establish a position in the country for themselves.

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